

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-362-C - ORDER NO. 2004-213
MAY 24, 2004

IN RE:	Application of Time Warner Cable	)	ORDER GRANTING
	Information Services (South Carolina), LLC	)	CERTIFICATE OF
	for a Certificate of Public Convenience and	)	PUBLIC CONVENIENCE
	Necessity to Provide Interexchange and Local	)	AND NECESSITY TO
	Voice Services and for Alternative Regulation	)	PROVIDE
	pursuant to S.C. Code Section 58-9-575 and	)	INTEREXCHANGE AND
	58-9-585.	)	LOCAL VOICE
		)	SERVICES AND FOR
		)	ALTERNATIVE
		)	REGULATION AND
		)	MODIFIED FLEXIBLE
		)	REGULATION

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Time Warner Cable Information Service (South Carolina), LLC (“TWCIS” or the “Company”) for authority to provide interexchange and local voice services throughout the State of South Carolina. TWCIS also requests that the Commission authorize implementation of an alternative regulatory plan under S.C. Code Ann. Section 58-9-575 and 58-9-585 (Supp. 2003). The Application was filed pursuant to S.C. Code Ann. Section 58-9-280 (Supp. 2003), and the Rules and Regulations of the Commission.

By letter, the Commission’s Deputy Executive Director instructed TWCIS to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform

interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. TWCIS complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition (“SCTC”). A Petition to Intervene Out of Time on behalf of ALLTEL South Carolina, Inc. was accepted by the Commission.

A hearing was commenced on March 18, 2004, at 11:30 a.m. in the Commission’s Hearing Room. The Honorable Mignon Clyburn, Chairman, presided. TWCIS was represented by Frank R. Ellerbe, III, Esquire and Bonnie D. Shealy, Esquire. Julie Y. Patterson, Assistant General Counsel for Time Warner Cable, appeared and testified on behalf of TWCIS. M. John Bowen, Esquire and Margaret Fox, Esquire represented the South Carolina Telephone Coalition (“SCTC”). ALLTEL did not appear at the hearing. Jocelyn Boyd, Staff Counsel, represented the Commission Staff.

During a break in the hearing, Counsel for TWCIS and Counsel for the SCTC reached a Stipulation which addressed the concerns of the SCTC. The Stipulation was read into the record and a late-filed hearing exhibit, Hearing Exhibit No. 2, was reserved for a written copy of the Stipulation. Counsel for TWCIS filed the written Stipulation following the hearing. As a result of the Stipulation, SCTC withdrew the prefiled testimony of its two witnesses and did not present witnesses at the hearing. The parties request that the Commission approve the Stipulation, which provides as follows:

TWCIS and SCTC agree that

TWCIS amends its application to seek to serve customers
only in areas where the telephone company does not

currently have a rural exemption under 47 U.S.C. § 251(f)(1).

As to rural telephone companies that no longer have a rural exemption under 47 U.S.C. § 251(f)(1), [TWCIS] will agree not to market or provision services in those areas before July 1, 2004.

Ms. Patterson presented testimony to demonstrate the Company's financial, managerial, and technical ability to provide the telecommunications services for which authority is sought in South Carolina. Ms. Patterson also presented testimony regarding her background and experience in business and telecommunications as well as that of the other executives of TWCIS. Ms. Patterson testified that she practiced communications law in private practice for several years and then served as an Attorney Advisor in the Common Carrier Bureau of the Federal Communications Commission. Prior to joining Time Warner Cable, Ms. Patterson was Associate General Counsel for Net2Phone, Inc., an IP Telephony company. Ms. Patterson holds a B.A. degree from the University of Pennsylvania and a J.D. from the College of William and Mary.

Ms. Patterson testified and provided documentary evidence that TWCIS is a limited liability company organized under the laws of the State of Delaware. The two members of TWCIS are Time Warner Cable Inc. ("TWC") and Time Warner Entertainment-Advance/Newhouse Partnership ("TWEAN"), and TWC is the managing member of TWCIS. Time Warner, Inc. is the ultimate corporate parent of TWC and TWEAN. Time Warner Entertainment, L.P. is committed to provide the necessary financial support to the operations of TWCIS. A corporate organization chart was

included with the Application as Exhibit E and is part of the record before this Commission.

TWCIS proposes to provide facilities-based Internet Protocol (“IP”) voice services targeted to the residential market. TWCIS’s service will provide features similar to those offered by traditional analog telephone service but will utilize IP technology to transport telephone calls. Customers will be able to call and be called by other IP voice service subscribers as well as other parties connected to the public switched telephone network (“PSTN”). At least initially, the proposed service will be offered to residential customers who subscribe to Time Warner Cable’s high-speed cable modem data service. The service will be offered on a bundled flat-rate basis and will allow standard local calling in addition to operator services, directory assistance, enhanced “911” services, outbound 800 toll free calling, custom calling features such as call waiting, caller identification, and directory listing. From a consumer perspective, TWCIS will provide unlimited local and long distance calling for a single price that includes popular calling features. TWCIS will utilize local number portability permitting consumers to maintain their existing telephone numbers in addition to whole-home wiring and the opportunity to utilize each telephone jack in the home.

TWCIS plans to first offer IP voice services to customers who subscribe to Time Warner Cable’s high-speed, cable data modem data service. The IP voice service uses Internet protocol for one or more segments of the call. The technology breaks down voice transmissions into digital packets and transmits the packets over managed IP networks to

complete the call. At the end of the transmission, the packets are reconstructed into voice transmissions.

Ms. Patterson described Time Warner Cable as the second largest cable operator in the nation, passing more than 18 million homes and serving nearly 11 million customers. In 2001, Time Warner Cable completed the upgrade of 98% of its cable plant to two-way capable, hybrid fiber-coaxial cable, at an investment of nearly five billion dollars. This upgrade permits TWCIS to offer a multitude of broadband, digital and interactive services. Time Warner Cable's infrastructure upgrade has permitted it to deploy high-speed Internet services to three million customers.

In providing telecommunications services, TWCIS intends to utilize Time Warner Cable's cable plant which passes more than 588,000 homes in South Carolina to provide its voice services. At present, Time Warner Cable has more than 68,000 high-speed data customers in South Carolina. According to the record, TWCIS will draw upon the engineering and technical support of Time Warner Cable's specialized staffs to manage its network and provision services. The services are delivered over a managed network with quality of service standards, ensuring that customers are provided with the level of quality offered by traditional telephone service and to which they are accustomed.

In order to reach premises not served by Time Warner Cable, calls must at times traverse the PSTN. TWCIS completes these calls through relationships with competitive local exchange carriers that provide a variety of services, including the termination of local and toll calls, the provision of directory assistance and operator services, and the delivery of 911 calls to the appropriate public safety answering points. Calls destined for

PSTN are terminated in accordance with intercarrier compensation regimes. Time Warner Cable's Global Network Operations Center located in Herndon, Virginia will provide operational monitoring and control capabilities to ensure support for customers 24 hours per day, seven days per week.

Consumers will be billed for their voice services, in addition to other Time Warner Cable-provided services, on a single monthly billing statement. TWCIS will market its IP voice services, which will be branded as "Time Warner Cable Digital Phone," to existing high-speed data services through direct mail and e-mail campaigns. TWCIS will eventually expand the direct mail marketing campaign to include existing cable television customers that do not receive high-speed data services. TWCIS will eventually market its IP voice services through other channels, including local newspaper advertising and radio broadcasts advertising.

TWCIS and affiliated utilities have received authority to provide IP-based voice services in North Carolina, Maine, Ohio, Florida, Texas, Kansas, New York, Missouri, and California.

Ms. Patterson testified that granting the Application will not adversely impact the availability of affordable local exchange service but, instead, will greatly enhance the availability of affordable local exchange service in the State of South Carolina through the introduction of increased competition and alternative service offerings using a new technology. Further, Ms. Patterson stated that TWCIS will comply with applicable Commission requirements related to universal service obligations.

As TWCIS will be a non-dominant, competitive provider of interexchange and local voice services throughout the State of South Carolina, TWCIS requests that the Commission authorize implementation of an alternative regulatory plan under S.C. Code Sections 58-9-575 and 58-9-585. TWCIS' customers will be paying a flat rate which includes unlimited local and long distance IP voice services. Under the proposed alternative regulatory treatment, the Commission would not fix or prescribe the rates, tolls, charges, or rate structures for TWCIS' bundled interexchange and local services of for its operator and directory assistance services. TWCIS would file and maintain price lists for its local and interexchange services without filing a maximum rate schedule.

Ms. Patterson testified that allowing TWCIS regulatory flexibility in its pricing will enable TWCIS to adjust to rapidly changing market conditions and provide the consumer with another unique choice in the bundling arrangement proposed in the Application. Also, because long term plans with respect to IP telephony packaging and pricing continue to evolve and develop, Ms. Patterson indicated that it is important to TWCIS to be able to rapidly react to changing market conditions. Ms. Patterson asserted that the Commission's regulatory plans would result in delays in implementing price changes and services in quick response to the market; however, if the requested alternative regulation was approved, the Commission and TWCIS would not have to devote scarce resources to reviewing and approving tariff filings.

In further support of the requested regulatory treatment, Ms. Patterson stated that TWCIS, as a new entrant, has no voice customers today. Accordingly, TCWIS can only build a customer base by offering services at prices which are attractive to customers who

already have service. In order to fully deploy new technologies and to offer services to meet individual consumers' needs, TWCIS must be able to quickly respond to changing competitive market conditions. TWCIS requests that the alternative regulatory plan be adopted to enable it to rely on market forces rather than traditional regulatory practices. TWCIS seeks greater flexibility to price its services in response to market conditions, to offer pricing and service innovations, and to introduce new service offerings into the marketplace in a more timely fashion. The Commission would retain the right to hear complaints and to investigate and suspend the prices, terms and conditions of any service provided by TWCIS. Additionally, Ms. Patterson asserts that because TWCIS is a new entrant none of TWCIS' service offerings are non-competitive and there are no issues with cross-subsidization as would be encountered by incumbent carriers seeking to be regulated under these statutory sections. Further, and also due to TWCIS being a new entrant to the market, Ms. Patterson stated that TWCIS does not offer any non-competitive services. Accordingly, Ms. Patterson concludes that approval of the alternative regulatory plan would not affect rates for non-competitive services.

According to Ms. Patterson, the officers of TWCIS have extensive managerial and technical experience in the telecommunications industry. The record further reveals that TWCIS, through arrangements with its affiliate Time Warner Cable, will have sufficient managerial and technical capability to ensure that TWCIS can provide the services for which it seeks certification. The management teams at Time Warner Cable based in Stamford, Connecticut and Columbia, South Carolina include individuals with

extensive experience in successfully developing and operating communications business, including local telephone businesses.

As for financial ability, Ms. Patterson testified that TWCIS, as a newly formed entity, will be relying on the financial resources of Time Warner Entertainment Co., L.P. to finance TWCIS' operations and that Time Warner Entertainment Co., L.P. has pledged its financial support of TWCIS. Financial statements of Time Warner Entertainment Co., L.P. demonstrate that TWCIS has access to sufficient financial resources to provide voice services in South Carolina and to meet TWCIS' cash needs.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. TWCIS is a limited liability company organized under the laws of the State of Delaware. TWCIS is registered with the South Carolina Secretary of State, and TWCIS holds a Certificate of Authority to transact business within the State of South Carolina from the South Carolina Secretary of State.

2. TWCIS is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.

3. As evidenced by the testimony of its witness, Ms. Patterson, and the documents filed with this Commission, TWCIS possesses the technical and managerial expertise and financial resources to commence operations as a telecommunications service provider in South Carolina.

4. We find that TWCIS' "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 2003).

5. We find based on the testimony and documents in the record in this case that TWCIS will support universally available telephone service at affordable rates.

6. We further find that based on the technical and managerial expertise of its officers and employees, as evidenced by the testimony and documents in the record in this case, that TWCIS has the capability to provide services which will meet the service standards of the Commission.

7. The Commission finds that the provision of local exchange service by TWCIS will not "adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 2003).

8. The Commission finds that the record does not support the approval of alternative regulation under S.C. Code Ann. Section 58-9-575 (Supp. 2003) for TWCIS' local services. However, the Commission finds good cause for TWCIS' local exchange telecommunications services to be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C.

9. The Commission finds that the record does not support approving alternative regulation under S.C. Code Ann. Section 58-9-585 (Supp. 2003) for TWCIS' interexchange services. However, the Commission finds good cause to approve "modified alternative regulation" for TWCIS' interexchange business service offerings as

set forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and as modified by Order No. 2001-997 (Docket No. 2000-407-C)

10. The Commission finds that a waiver of the requirements of S.C. Code Regs. 103-631 to publish and distribute local exchange directories is appropriate and in the public interest.

11. The Commission finds that a waiver of any record keeping policies that might require TWCIS to maintain its financial records in conformance with the Uniform System of Accounts (“USOA”) is appropriate and in the public interest because, as a competitive carrier, TWCIS will not be subject to rate-base regulation. We find TWCIS’ request that it be permitted to maintain its books in accordance with Generally Accepted Accounting Principles (“GAAP”) to be reasonable and appropriate.

12. The Commission finds that a waiver of S.C. Code Regs. 103-610 which requires that a carrier keep all books and records within the State of South Carolina is appropriate and in the public interest.

13. The Commission finds that a waiver of S.C. Code Regs. 103-622.1(d) is appropriate and in the public interest because TWCIS will be offering a bundled, flat-rate plan which includes both local and long distance IP voice services and there will be no itemized toll charges. Further, TWCIS does allow for a customer to obtain copies of individual calls through either the Company’s website or a request to TWCIS.

14. We find that the issuance of the authority for TWCIS to provide interexchange and local voice services to be in the public interest and therefore to be in the best interests of the citizens of the State of South Carolina.

CONCLUSIONS OF LAW

1. The Commission concludes that TWCIS possesses the managerial, technical, and financial resources to provide the competitive local exchange telecommunications services and intrastate interexchange services as described in its Application.

2. The Commission concludes that TWCIS' "provision of service will not adversely impact the availability of affordable local exchange service."

3. The Commission concludes that TWCIS will participate in the support of universally available telephone service at affordable rates to the extent that TWCIS may be required to do so by the Commission.

4. The Commission concludes that TWCIS will provide services which will meet the service standards of the Commission.

5. The Commission concludes that the provision of local exchange service by TWCIS does not, and will not otherwise, adversely impact the public interest.

6. The Commission concludes that approval of TWCIS' Application to provide local exchange telecommunications services and intrastate interexchange telecommunications services within South Carolina will serve the public interest by increasing the level of competition in the South Carolina telecommunications market using a new technology. Because TWCIS's service relies on existing cable television facilities to reach customer premises, South Carolina residential consumers will have access to a facilities-based competitive local telephone services. Additionally, voice over

IP technology can link phone calls with other data which makes several new services possible, and the technology offers new flexibility to consumers in South Carolina.

7. The Commission concludes that the issuance of the authority to provide for authority to provide interexchange and local voice services throughout the State of South Carolina as requested by TWCIS, and as set forth in its Application, is in the best interests of the citizens of the State of South Carolina.

8. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to TWCIS to provide interexchange and local voice services throughout the State of South Carolina as requested by TWCIS and as set forth in the Application. The terms of the Stipulation between TWCIS and the SCTC are approved, and adopted as a part of this Order. Any proposal to provide telecommunications service to service areas served by rural local exchange companies is subject to the terms of the Stipulation.

9. The Commission concludes that the record does not support the approval of alternative regulation under S.C. Code Ann. Section 58-9-575 (Supp. 2003) for TWCIS' local services or approval under S.C. Code Ann. Section 58-9-585 (Supp. 2003) for TCWIS' interexchange services.

As to TWCIS' local services, Section 58-9-575 requires the Commission to make several specific findings in order to approve alternative regulation under Section 58-9-575. See, S.C. Code Ann. Section 58-9-575(B). While we find that the record before this Commission from the instant proceeding does not contain sufficient evidence for the Commission to make all of the specific findings required by S.C. Code Ann. Section 58-

8-575(B), the Commission does recognize that it has designed and approved a “flexible regulation” for competitive local exchange carriers operating within South Carolina. This “flexible regulation” provides for presumed valid tariff filings with provisions for an investigation to be instituted within 30 days of the filing. Because most competitive carriers have opted to request the Commission’s flexible regulation, the Commission concludes that that the competitive marketplace requires for the Commission to allow this flexible regulation to those carriers requesting it. Likewise, the Commission concludes that flexible regulation, as established by Order No. 98-165 in Docket No. 97-467-C, should be approved for TWCIS.

Likewise, S.C. Code Ann. Section 58-9-585 (Supp. 2003) requires that the Commission make certain specific findings, including that a particular service is competitive in the relevant geographic market. We conclude that the record does not contain the specificity required for this Commission to appropriately make the findings required by S.C. Code Ann. Section 58-9-585 (Supp. 2003). However, this Commission has previously approved an “alternative regulation” for certain business services of interexchange carriers operating within South Carolina, and the Commission concludes that the marketplace requires the Commission to allow this alternative regulation, as described in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and as modified by Order No. 2001-997 (Docket No. 2000-407-C), to those carriers which request a form of alternative regulation. Likewise, we conclude that TWCIS should be afforded modified alternative regulation as allowed for other competitive IXC.

10. The Commission concludes TWCIS' local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for TWCIS' competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, TWCIS' local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

11. The Commission concludes that TWCIS' intrastate interexchange business telecommunications services shall be regulated consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under the Commission approved alternative regulation, the business service offerings of TWCIS, including consumer card services and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local

exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls.

Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

12. Based upon the record that indicates that TWCIS will contract with incumbent carriers to ensure that TWCIS' customers are included in the incumbent's directory, the Commission concludes that the requirements of Rule 103-631 to publish and distribute local exchange directories, as contained in 26 S.C. Code Regs. 103-631, should be waived for TWCIS.

13. The Commission concludes that any record keeping policies that might require TWCIS to maintain its financial records in conformance with the Uniform System of Accounts ("USOA") should be waived, and that TWCIS should be permitted to maintain its books in accordance with Generally Accepted Accounting Principles ("GAAP").

14. The Commission concludes that TWCIS should be granted a waiver of 26 S.C. Code Regs. 103-610, which requires that a carrier keep and maintain its books and records within the State of South Carolina. The record reveals that TWCIS has its home

office in Connecticut, that TWCIS will have a registered agent in South Carolina, and further that TWCIS will bear the costs associated with the Commission's inspection of its books and records.

15. The Commission concludes that TWCIS should be granted a waiver of 26 S.C. Code Regs. 103-622.1(d) which requires that toll charges be itemized. TWCIS will be offering a bundled, flat-rate plan which includes both local and long distance IP voice services. Accordingly, TWCIS will not charge for individual toll calls. Further, customers will receive a monthly statement and will be able to obtain copies of individual call details through TWCIS' secure website or by requesting the information directly from TCWIS.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity is granted to TWCIS to provide competitive, facilities-based intrastate local and interexchange voice telecommunications services within the State of South Carolina, subject to the Stipulation between TWCIS and the SCTC.

2. The terms of the Stipulation between TWCIS and the SCTC are approved and adopted as a part of this Order. Any proposal to provide local voice telecommunications services to service areas served by rural companies is subject to the terms of this Stipulation.

3. TWCIS shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. TWCIS' local

telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for TWCIS's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, TWCIS's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

4. The Commission adopts a rate design for the interexchange services of TWCIS which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under the Commission approved alternative regulation, the business service offerings of TWCIS, including consumer card services and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the

toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

5. With regard to the interexchange residential service offerings of TWCIS, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

6. TWCIS shall not adjust its interexchange residential rates below the approved maximum level without notice to the Commission and to the public. TWCIS shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange residential services reflected in the tariff which would be applicable to the general body of the

Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2003).

7. If it has not already done so by the date of issuance of this Order, TWCIS shall file its revised interexchange long distance tariff within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

8. On calls destined for the PSTN, TWCIS is subject to access charges or other compensation pursuant to intercarrier compensation regimes.

9. With regard to the origination and termination of toll calls within the same LATA, TWCIS shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph four of the Stipulation and Appendix B approved by Order No. 93-462.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the

name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

TWCIS shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The Company shall utilize the “Authorized Utility Representative Information” form which can be located at the Commission’s website at www.psc.state.sc.us/reference/forms.asp to file the names of these representatives with the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. TWCIS shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

12. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a “Public Safety Communications Center,” which is more commonly known as a “911 system” or “911 service.” Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs TWCIS to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before providing voice or dial tone telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number

Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing voice or dial-tone services within South Carolina, TWCIS shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

13. TWCIS is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

14. TWCIS shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipts reports will necessitate the filing of intrastate information. Therefore, TWCIS shall keep financial records on an intrastate basis for South Carolina in order to comply with the Commission’s requirements of filing an annual report and a gross receipts report. The proper form for filing annual financial information for the annual report may be found on the Commission’s website at www.psc.state.sc.us/reference/forms.asp . The title of this form is “Annual Report for CLECs” and/or “Annual Report for Interexchange Companies.” The Company shall file the annual report form with the Commission by April 1st of each year.

Commission gross receipts forms are due to be filed with the Commission no later than August 31st of each year. The appropriate form for remitting information for gross

receipts is entitled “Gross Receipts Form for Utility Companies” and may also be found on the Commission’s website at www.psc.state.sc.us/reference/forms.asp.

Additionally, pursuant to the Commission’s regulations, the Company shall file a “CLEC Service Quality Quarterly Report” with the Commission. The proper form for this report can be found at the Commission’s website at www.psc.state.sc.us/reference/forms.asp.

15. The Federal Communications Commission (FCC) in July of 2000 required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March of 2001 instructing all South Carolina telecommunications carriers to implement the service completely by October of 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2002, and to translate 711 dialed calls to 1-800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as 711 to their assigned TRS toll free number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 1, 2001. Additionally, telephone directories were required to be updated and bill inserts promoting 711 were also required. This Company must comply with the applicable mandates. For complete information on compliance with this FCC and Commission requirement, go to the Commission’s website at www.psc.state.sc.us/reference/forms.asp.

16. For good cause shown, the requirements of 26 S.C. Code Regs. 103-631 to publish and distribute local exchange directories are waived for TWCIS provided that TWCIS contracts with incumbent carriers to ensure that TWCIS' customers are included in the incumbent's directory,

17. For good cause shown, any record keeping policies that might require TWCIS to maintain its financial records in conformance with the Uniform System of Accounts ("USOA") are be waived, and TWCIS is hereby permitted to maintain its books in accordance with Generally Accepted Accounting Principles ("GAAP").

18. For good cause shown, TWCIS is granted a waiver of 26 S.C. Code Regs. 103-610, which requires a carrier to keep and maintain its books and records within the State of South Carolina, provided that the records are maintained at the home office in Connecticut, that TWCIS will maintain a registered agent in South Carolina, and that TWCIS will bear the costs associated with the Commission's inspection of its books and records.

19. The Commission concludes that TWCIS should be granted a waiver of 26 S.C. Code Regs. 103-622.1(d) which requires that toll charges be itemized. TWCIS will be offering a bundled, flat-rate plan which includes both local and long distance IP voice services. Accordingly, TWCIS will not charge for individual toll calls. Further, customers will receive a monthly statement and will be able to obtain copies of individual call details through TWCIS' secure website or by requesting the information directly from TCWIS.

20. The Commission orders TWCIS to fully explain the limitations of service to all prospective customers. Witness Patterson described for the Commission how TWCIS will market its services and further testified that TWCIS reveals in its marketing that power outages at either the customers home or along the network could result in telecommunications service outages. The Commission therefore orders TWCIS to explain to all potential customers the possibility of service outages due to power failure and the limitations on battery back-up. Staff is also order to monitor TWCIS' marketing activity and to report complaints arising from disruption of service to the Commission.

21. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Mignon L. Clyburn, Chairman

ATTEST:

/s/
Bruce F. Duke, Executive Director

(SEAL)